



JOINT CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.: 11-16-DPP/OIT	ORIGINATING AGENCIES: DIVISION OF PURCHASE AND PROPERTY OFFICE OF INFORMATION TECHNOLOGY	PAGE 1 OF 4
EFFECTIVE DATE: 04-12-11	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 07-06 DPP/OIT
SUBJECT: PROCUREMENTS OF INFORMATION TECHNOLOGY (IT) HARDWARE, SOFTWARE AND RELATED SERVICES		
ATTENTION: DIRECTORS OF ADMINISTRATION, AGENCY IT MANAGERS, AGENCY PROCUREMENT MANAGERS		
FOR INFORMATION CONTACT: OIT EXTERNAL IT PROCUREMENT REVIEW UNIT		PHONE: (609) 777-3773 FAX: (609) 633-8888

I. PURPOSE: To provide criteria for:

- A. The procurement of IT hardware, software and related service (e.g. maintenance, associated training, programming and consulting services) including Line of Credit (LOC) Acquisitions: (reference) see the circular on the LOC Program.
- B. Continuation payments for maintenance, rental and lease/purchase of installed IT hardware, software and related services.

II. POLICY:

- All IT procurements must conform to approved departmental IT Strategic Plans, regardless of dollar amount except otherwise approved by the agencies Chief Executive as outlined in the Office of Information Technology (OIT) IT Procurement Approval Request.
- IT purchases (contract and non-contract) whose total dollar value exceeds \$2,500 are subject to OIT review and approval, in order to assure compliance with statewide policies and standards. See the circular on the Moratorium on the Procurement of IT, Section II, paragraph C regarding exceptions.
- Purchase orders and continuation waiver payments for the rental, lease/purchase and maintenance of currently installed equipment/software cannot be divided to circumvent Delegated Purchasing Authority (DPA) procedures or state bidding laws.
- Consulting Services for IT: Procurement of IT consulting services must follow the procedures specified in the Professional Services: Review, Control, Monitoring and Extensions Circular.

- Information submitted to the OIT for review must include:
 - The OIT IT Procurement Approval Request form, available at:
http://www.state.nj.us/it/pvd/IT_Procurement_Approval_Request.dot
 - A purchase document or Agency Order or Agency Order Draft that clearly identifies all items to be purchased, the vendor from which the items are to be purchased
 - An explanation and/or justification that is sufficiently detailed to promote a diligent technical review
 - Required price quotes

A. CONTRACT PURCHASES

All procurements of IT hardware, software, maintenance and related services (including consulting services) must be processed through applicable term contracts. Agencies should review all applicable Notices of Award (NOA) for any special procurement instructions.

B. NON-CONTRACT PURCHASES

1. Purchases of non-contract IT hardware, software, maintenance and related services (including consulting services) under \$2,500 do not require OIT approval. However, agencies must comply with bid thresholds for DPAs; see DPA Procurement Circular issued by the Division of Purchase and Property.

NOTE: Agencies cannot divide any purchase exceeding \$36,000 into smaller orders whose dollar value is less than \$36,000, in order to circumvent the limits of State Bidding Laws or appropriation language requirements.

2. Any procurement of IT hardware, software, maintenance and related services whose dollar value is greater than \$2,500 must be processed via the provisions of this Circular. OIT APPROVAL IS REQUIRED FOR THESE PURCHASES. See the circular on the Moratorium on the Procurement of IT, Section II, paragraph C regarding exceptions.
3. Procurements of IT Consulting Services must follow the procedures specified in the Circular on Professional Services: Review, Control, Monitoring, and Extensions.

III. PROCEDURES

A. TERM CONTRACT PURCHASES

1. Review a minimum of three contract alternatives, if available. The final decision should be based on lowest cost, price and other factors considered, e.g. delivery of the product and/or configuration which best satisfies agency requirements.
2. Bypass of lowest cost vendor: If the lowest cost vendor is not selected, a Memorandum of Justification must be attached to the purchasing document and retained as part of the record.
3. If the purchase is over \$2,500 the agency must attach a (business) Memorandum of Justification to the purchasing document describing the using agency's need for and anticipated use of the requested products and/or services and forward the purchasing document and supporting documentation to OIT (and the Office of Management and Budget (OMB), if applicable) for review and approval.

B. NON-CONTRACT PURCHASES

1. Purchases of non-contract IT hardware, software, maintenance and related services (including consulting services) whose dollar value is less than \$36,000 are governed by current purchasing policies and procedures; see the DPA Procurement Circular issued by the Division of Purchase and Property.
 - a) If the purchase is over \$2,500 the agency must attach a (business) Memorandum of Justification to the purchasing document describing the using agency's need for and anticipated use of the requested products and/or services and forward the purchasing document and supporting documentation to the OIT (and OMB if applicable) for review and approval. OIT/OMB will return the documents to the requesting agency for further processing.
2. Purchases of non-contract IT hardware, software, maintenance and related services (including consulting services) whose dollar value is greater than \$36,000 must be prepared as follows:
 - a) Submit either a screen print of the Requisition – Encumbrance (PB/6) or a memorandum requesting establishment of a term contract and bid specifications directly to the OIT (and OMB if for consulting services; reference Circular on Professional Services: Review, Control, Monitoring, and Extensions).
 - (1) The memorandum must emphasize the using agency's needs, required timeframes and anticipated use of the item(s) and where applicable a project plan of the initiative must be submitted to support the request.
 - (2) Specifications must be thorough, accurate, and lend themselves to competitive bidding (do not favor specific brand names or vendors).

NOTE: Agencies are encouraged to contact OIT and the Division of Purchase and Property during the above procurement process.

- b) OIT/OMB approval: The procurement package will be returned to the requesting agency for procurement system processing and electronic transmission to the Division of Purchase and Property. The Division of Purchase and Property will review the specifications, and upon finalization and approval, will process with the formal advertised bidding.
- c) Waivers: If an item cannot be competitively procured and exceeds the DPA limit, refer to the current Requests for Waiver of Advertising Circular for instructions (<http://www.state.nj.us/infobank/circular/cir1114x.pdf>).

C. CONTINUATION WAIVER PAYMENTS FOR RENTALS, LEASE/PURCHASES AND MAINTENANCE

1. Each fiscal year, the Division of Purchase and Property and the Office of Information Technology (OIT) will contact the primary fiscal and procurement staff from all departments for the purpose of attending a statewide meeting for the development of a Waiver of Advertising. This Waiver applies to the continuation payments for rentals, lease/purchases and maintenance of installed IT hardware and software. Required OIT approval is coordinated by the Division of Purchase and Property and OIT.

2. Upon completion and approval of this Waiver, written notifications will be forwarded by the Division of Purchase and Property and OIT to the appropriate agency contact person with the following information: notice of approved vendor(s) and dollar amount(s), waiver number, and method of operation for issuing orders and processing payments.

NOTE: Any using agency failing to participate in this annual meeting and failing to forward vendor quotations to OIT, will be responsible for the submission of an individual Waiver of Advertising to the Division of Purchase and Property following the procedures as noted above in Section III B.

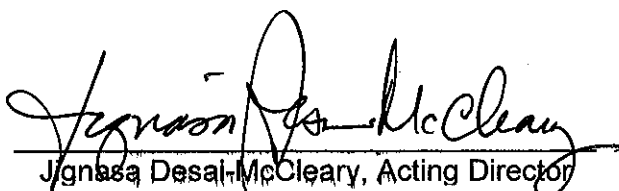
AGENCIES CANNOT EXCEED THEIR APPROVED DOLLAR AMOUNT ON THE ANNUAL WAIVER. PROCUREMENTS/PAYMENTS AGAINST THIS WAIVER WILL BE STRICTLY MONITORED BY THE DIVISION OF PURCHASE AND PROPERTY AND OIT.

D. CURRENT PURCHASING SYSTEM RESTRICTIONS

1. All procurement of information technology is subject to this Circular. System restrictions will be imposed within the Purchasing Systems.
2. The Division of Purchase and Property will restrict Approval Authorization in the purchasing systems on all IT purchases related to this circular. Only the OIT Approval Officer will be able to advance an IT related purchase to the final or next approval level, for any purchases exceeding the Approval Dollar Value set forth in this Circular. As a result of these system restrictions:
 - a) On all Purchases exceeding the approval dollar value, the Requesting Department shall initiate the Purchase Document(s) for the procurement and advance it to the Appropriate Approval status.
 - b) The System restrictions will apply to P-Card purchases. Therefore, the agency should avoid "swiping" the card for purchases exceeding the approval dollar value. These transactions will not clear the purchasing system until after OIT approves them.
 - c) The Requesting Department will submit the Draft Document(s) (DPA PO, Blanket PO, PB/6, eCatalog Requisition, P-Card PO, etc.) to OIT accompanying the Request and Justification for Approval to purchase IT hardware, software, maintenance and related services. (See Section II. Policy)
3. OIT will approve or deny the Purchase Document(s) in the purchasing system, for further processing by the Requesting Department.

For specific instructions, reference the Intranet site:

http://tnett.tmis.treas.state.nj.us/intra_tre/PurProp/approvals.htm


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